

IOWA COOPERATIVE GROW/FINISH AGREEMENT
GENERATION II BONUS

CONTRACT # 300244

THIS AGREEMENT is made and entered into as of this 24 day of JULY, 1996, by and between FARMERS COOPERATIVE (hereinafter "Cooperative") and of ARLON IOWA (hereinafter "Producer").

WHEREAS, Cooperative is a cooperative organized under chapter 497, 498 or 499 of the Code of Iowa; and

WHEREAS, Cooperative wishes to contract for the feeding of swine; and

WHEREAS, Cooperative has entered into that certain Farmland Iowa Grow/Finish Agreement of even date herewith for the care and feeding of swine owned by or contracted to Farmland Industries, Inc. ("Farmland"); and

WHEREAS, Producer has or intends to construct facilities suitable for the feeding of swine (the "Facilities") and has the expertise to feed such animals; and

WHEREAS, Producer is willing to contract with Cooperative for the day to day care and feeding of the swine owned by or contracted to Farmland and contracted to Cooperative.

NOW, THEREFORE, the parties agree as follows:

1. **TERM OF AGREEMENT.** This Agreement shall commence on the delivery date of the first Lot (as hereinafter defined) of swine placed in the Facilities and shall continue for a period of 245 920 months thereafter, provided however, if the Facilities are not completed and ready to receive swine, as determined in the sole opinion of Farmland, by Jan 1, 1997, then this Agreement shall automatically terminate. At the expiration of the term of this Agreement, Cooperative may, at its sole option and upon agreement with Producer, renew this Agreement for an additional period in accordance with Section 26.

2. **DELIVERY.** Cooperative shall arrange for the delivery of feeder pigs to the Facilities at Cooperative's expense. The feeder pigs shall be delivered in such numbers, types and in such intervals as determined by Cooperative in its sole discretion and all in accordance with good animal husbandry practices (each delivery shall hereinafter be referred to as a "Lot"). All swine must be raised in strict accordance with Cooperative's feeding program and management program. Cooperative specifically retains the right to use either meal feed or pelleted feed. Cooperative shall provide and deliver to the Facilities all feed, grain, proteins, minerals, and medications (hereinafter collectively referred to as "Supplies") required under said feeding and management programs. Cooperative shall also provide any necessary mixing, grinding or other processing of Supplies. All Supplies